

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSAL FIVE)

Docket No. RM2017-9

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO QUESTIONS 1-15 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**  
(October 19, 2017)

The United States Postal Service hereby provides its response to Questions 1-15 of Chairman's Information Request No. 2, issued October 4, 2017. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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## RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2

1. The Postal Service states that Labor Distribution Code (LDC)<sup>1</sup> 23 does not include “auxiliary assistance given a city letter route by SPR carriers, even if the assistance given was to relieve the route by delivering parcels.” Response to CHIR No. 1, question 15.
  - a. Please explain the term “SPR carriers” in the above sentence and how SPR carriers differ from regular letter carriers.
  - b. Please define auxiliary assistance as it relates to SPR carriers and regular letter carriers.
  - c. Please specify and explain which IOCS route type codes are used to identify “auxiliary assistance” costs for both in-office and street time costs. Please specify the circumstances used to identify the specific IOCS-coded route type selected.
  - d. Please specify which LDC is used to log SPR carriers’ hours when they are providing auxiliary assistance to a city letter route.

### RESPONSE:

- a. “SPR carriers” are carriers who clock into a MODS operation that maps to LDC 23. Regular letter carriers are carriers who clock into a MODS operation that maps to LDC 21 or 22. In contrast to letter carriers who routinely service the same set of delivery points in the same order daily, SPR carriers generally do not service the same set of delivery points daily, nor do they have a structured line of travel (although this generalization is somewhat less applicable with respect to an SPR carrier delivering parcels in support of a walking route). SPR carriers also are much more likely to perform *ad hoc* activities such as delivering Priority Mail Express or making trips between postal facilities. Considering that the type of carrier discussed here is a function of the MODS operation into which the

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<sup>1</sup> “An LDC is a two-digit code designating personnel costs for specific activities at all postal organizations and installations.” See Glossary of Postal Terms at 59. [https://ribbs.usps.gov/addressing/documents/tech\\_guides/pubs/Pub32.pdf](https://ribbs.usps.gov/addressing/documents/tech_guides/pubs/Pub32.pdf).

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carrier is clocked, the same individual can at different times be both a SPR and regular carrier. Carriers who typically are regular carriers may at times perform activities for a SPR function, and therefore would clock to the appropriate operation in those instances.

- b. In this context, auxiliary assistance is defined as additional resources provided to a city letter route outside of the peak season. Generally, this relief is necessary to respond to a sharp unexpected increase in delivered volume on the route on a particular day or set of days. Because regular letter routes generally have a carrier assigned to them, these extra resources are carriers who normally clock to LDC 23 (SPR Carriers). In these instances, however, carriers providing relief to a regular letter route clock to letter route LDCs 21 for office or 22 for street. As stated in the response to part a., the type of carrier is determined by the clocked MODS operation. Accordingly, a carrier could be a regular letter carrier on Monday and a SPR carrier the remainder of the week.
- c. There are no specific IOCS route type codes to identify "auxiliary assistance" costs (for either in-office or street time costs). "Auxiliary assistant" carriers are identified by the data collector using a combination of questions in the software to determine if the carrier is assisting another carrier on a specific type of route. If the carrier is NOT assigned to a particular route number, then the data collector ascertains if they are assisting a carrier who is assigned to a particular route number. If so, then the costs are considered "auxiliary assistance" and allocated to the route type code of the route type getting assistance. For example, if a

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carrier is assisting another carrier assigned to IOCS route type code 71, their costs would be assigned to route type code 71, but *Q16B1b: Assisting Carrier* would determine if they are the primary carrier on the route or working "auxiliary assistance."

- d. As stated in response to part a., the type of carrier is determined by the clocked MODS operation. The response to part b. indicates that carriers providing relief to regular letter routes are clocked to LDC 21 for office activities or LDC 22 for street activities. Accordingly, in this context, there are not any work hours assigned to SPR carriers.

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2. The Postal Service states that time “spent on Office functions by bid carriers or their replacements on routes designated as Parcel Post Routes should be transferred to Operation Number 7340 in LDC 23.” *Id.* question 1.a.
- a. Please identify each operation and/or LDC code that these costs are transferred from and, for each such operation number and LDC, describe the reason(s) for the transfer.
  - b. Please define the term bid carrier.
  - c. Please explain the meaning of the phrase “designated as Parcel Post Routes.”
  - d. Please describe the IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Parcel Post Routes” and identify the route type(s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.

**RESPONSE:**

- a. The MODS operation used for different types of routes is at the discretion of local management, and the usage may fluctuate among different delivery units.  
  
Transfer of hours only occurs when an employee has clocked into the wrong operation. Accordingly, if a carrier should have been clocked into Operation Number 7340 and was not, then that transfer of hours would occur. Mistaken clock rings typically originate from LDC 22.
- b. The term bid carrier indicates a carrier who bids on his or her route to gain assignment. These carriers are not *ad hoc* or auxiliary assistance carriers, but instead work a route which requires an eight hour work day.
- c. Parcel Post Routes are those that primarily deliver parcel shaped mail. Parcel Post routes often deliver parcels in support of one or several walking routes that lack the capacity to deliver packages. Parcel Post routes may have a more

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regular group of potential delivery points compared to other SPR activity, but because packages are not necessarily delivered as frequently as letters, there is no regular route or sequence.

- d. The IOCS process used to code time "spent on Office functions by bid carriers or their replacements on routes designated as Parcel Post Routes" consists of a series of questions in the software. The first step is to determine if the carrier is on the premises. If the answer to *Q16A2: On Premise* is on the premises, the carrier is spending time on "Office Functions." Next, the data collector must enter the route ZIP Code and route number to which the sampled carrier is assigned. If there is no match with the Address Management System (AMS), the data collector must determine the type of route on which the carrier is working. If the data collector answers *Q16E1: Route Type* as working on a "Package Delivery (including parcel route)" route, then the cost is allocated to Office time for "Parcel Post Routes." Parcel Post routes are coded to route type code 86.

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3. Please discuss the reason(s) why office functions by bid carriers on dedicated Parcel Post routes are transferred to LDC 23 while auxiliary assistance given to city delivery routes by dedicated Parcel Post routes are part of LDC 22.<sup>2</sup>

**RESPONSE:**

Office functions by bid carriers on dedicated Parcel Post routes should already be clocked into an operation in LDC 23. Transfers of hours occur only when a carrier has clocked into an incorrect operation. As Parcel Post routes are under the LDC 23 umbrella, office and street time both belong in LDC 23. Routes in LDC 22 are *evaluated* to ensure that one route is not unnecessarily overburdened. When assistance is given to a route in LDC 22, it is necessary to ensure that the hours required for a route stay with that route. Management may decide that routes needing continued assistance should be further evaluated or split apart. Similarly, a carrier or union official may request a route evaluation on the basis of continued assistance.

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<sup>2</sup> The Postal Service states that “[a]uxiliary assistance given to city delivery routes by dedicated Parcel Post routes, even if the assistance given was to relieve the route by delivering parcels, is not part of LDC 23. That assistance is still part of the carrier’s Street Time and is part of the carrier’s route time. It must, therefore, be attributed to LDC 22.” *Id.*

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4. The Postal Service states that time “spent on Office functions by bid carriers or their replacements on routes designated as Combination Routes should be transferred to Operation Number 7380 in LDC 23.” *Id.*
- a. Please identify each operation number and/or LDC that these costs are transferred from, and for each such operation number and LDC, describe the reason(s) for the transfer.
  - b. Please explain the meaning of the phrase “designated as Combination Routes.” *Id.*
  - c. Please describe the IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Combination Routes” and identify the route type (s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.

**RESPONSE:**

- a. The MODS operation used for different types of routes is at the discretion of local management, and the usage may vary between different delivery units. Transfer of hours only occurs when an employee has clocked into the wrong operation. Accordingly, if a carrier should have been clocked into Operation Number 7380 and was not, then a transfer of hours would occur. Mistaken clock rings typically originate from LDC 22.
- b. A Combination route is a route which combines different SPR activities. A common combination of activities would include parcel delivery and collection pick up.
- c. The IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Combination Routes” consists of a series of questions in the software. The first step is to determine if the carrier is on the premises. If the answer to Q16A2: *On Premise* is on the premises, the



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carrier is spending time on "Office Functions." Next, the data collector must enter the route ZIP Code and route number to which the sampled carrier is assigned. If there is no match found within the Address Management System (AMS), the data collector must determine the type of route on which the carrier is working. If the data collector answers *Q16E1: Route Type* as working on a "Combination/Other" route, then the cost is allocated to Office time for "Combination Routes." Combination routes are coded to route type code 98, although this route type code contains other types of routes besides combination routes.

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5. The Postal Service states that time “spent in the office by bid carriers or their replacements on routes designated as Carrier Driver Routes should be transferred to Operation Number 7400.” *Id.*
- a. Please identify each operation and/or LDC code that these costs are transferred from and, for each such operation number and LDC, describe the reason(s) for the transfer.
  - b. Please explain the meaning of the phrase “designated as Carrier Driver Routes.” *Id.*
  - c. Please describe the IOCS process used to code time “spent in the Office by bid carriers or their replacements on routes designated as Carrier Driver Routes” and identify the route type (s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.

**RESPONSE:**

- a. The MODS operation used for different types of routes is at the discretion of local management, and the usage may vary between different delivery units. Transfer of hours only occurs when an employee has clocked into the wrong operation. Accordingly, if a carrier should have been clocked into Operation Number 7400 and was not, then a transfer of hours would occur. Mistaken clock rings typically originate from LDC 22.
- b. Carrier Driver routes are used to make intra/intercity runs. They can also be employed in dense urban areas where two carriers are used to deliver packages because there is no parking available, or to provide assistance by transporting a carrier to the beginning of a walking route.
- c. The IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Driver Routes” consists of a series of questions in the software. The first step is to determine if the carrier is on the

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premises. If the answer to *Q16A2: On Premise* is on the premises, the carrier is spending time on "Office Functions." Next, the data collector must enter the route ZIP Code and route number to which the sampled carrier is assigned. If no match is found within the Address Management System (AMS), the data collector must determine the type of route on which the carrier is working. If the data collector answers *Q16E1: Route Type* as working on a "Driver Route", then the cost is allocated to Office time for "Other Routes," because there is no specific designation of "Driver Routes" for City Carriers. Driver Routes, if they exist for City Carriers, are coded to route type code 98.

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6. Currently, in the IOCS coding and editing process some of the costs of city carriers that are not assigned to a route are grouped with the regular letter route group costs, some are grouped with the SPR group costs, and some are grouped with other overhead costs.<sup>3</sup> Please explain the process for determining which activities of carriers that are not assigned to a route are grouped with the letter route group, SPR group, and overhead group costs.

### RESPONSE:

A combination of variables are used to determine if the cost of city carriers not assigned to a route group are grouped with the letter route group costs, SPR group costs, or overhead group costs. These variables are the carrier's physical location, the type of route on which they are working, and their activity at the time of the reading. The following table illustrates the interaction among these variables.

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<sup>3</sup> The Postal Service states that "[c]ity carriers, either full-time or otherwise, who are not assigned to a specific route will have their route type designated as '99' in IOCS." *Id.* question 5. The Postal Service also states that "[i]n the extant proposal, route type '99' is assigned to the Regular Letter route group . . . ." *Id.* Under the current IOCS editing, carriers not assigned to a specific route street time is coded to the special purpose route code "98-Other." See Docket No. ACR2016, Library Reference USPS-FY16-37, In-Office Cost System (IOCS) Documentation (Public Version) folder "SASPrograms," program "ALB078," section "\*CARRIER NOT ON PREMISES AND NOT ASSIGNED TO A ROUTE," at 3, December 29, 2016. City carriers unassigned to a route costs grouped with overhead costs are training (not handling mail), checking the vehicle, loading/unloading the vehicle and clocking in/out. See Docket No. ACR2016, Library Reference USPS-FY16-32, Excel file "CS06&7-Public-FY16.xlsx," tab "6.0.3," December 29, 2016.

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Physical Location	Type of Route	Activity	Result
Off the Premises	Letter Route Group	N/A, on the street	Letter Route Group Street Cost
Off the Premises	SPR Group	N/A, on the street	SPR Route Group Street Cost
Off the Premises	Unknown	N/A, on the street	SPR Route Group Street Cost
On the Premises	Letter Route Group	Any Activity	Letter Route Group Office Cost
On the Premises	SPR Group	Any Activity	SPR Route Group Office Cost
On the Premises	Unknown	Handling Mail	Letter Route Group Office Cost
On the Premises	Unknown	Not Handling Mail	Overhead Costs <sup>4</sup>

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<sup>4</sup> Unknown office work described as "General Office Work" is assigned to institutional cost.

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7. The Postal Service states that carrier SPR activities can “include any of the duties associated with SPR routes, including but not limited to firm pickups and bulk deliveries.” *Id.* Please describe the five most common SPR activities and indicate approximately what portion that each of these activities comprises of the total of SPR activities.

**RESPONSE:**

The following are considered to be the five most common SPR street activities:

- Package Delivery
- Collection
- Relays
- Bulk Delivery
- Intra Facility/Airport Runs

While the Postal Service does not currently have reliable estimates of the proportions of time spent in these activities by SPR carriers, operational experts have provided broad perspective on their relative weights. Package delivery, including travel time, is the activity that accounts for a plurality of SPR workhours. Collection and relay activities are considered to fall roughly within the same general range of proportions of SPR time, but each would contribute materially less than workhours incurred for package delivery. Less common than relay and collection activities, but still constituting significant proportions of total SPR activities, are Bulk Delivery, as well as Intra Facility and Airport trips.

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8. Please confirm that the "ALB104" program, found in the Proposal Five Library Reference USPS-RM2017-9/1, folder "SASPrograms," will replace the currently used program "ALB106" found in Docket No. ACR2016, Library Reference USPS-FY16-37, folder "SASPrograms." If not confirmed, please explain how the new program "ALB104" will be used with the existing SAS programs found in Docket No. ACR2016, Library Reference USPS-FY16-37, folder "SASPrograms."

**RESPONSE:**

Not confirmed. ALB104 was designed to be integrated with the existing IOCS programs. ALB104 is run after ALB101 and ALB103 have allocated the carrier, clerk and supervisor costs using the existing methodology. ALB104 adjusts the carrier costs output from ALB103 based on the TACS hourly costs for Regular and SPR route groups. The clerk and supervisor costs from ALB103 are not adjusted in any way. ALB106 creates summary reports from the final costs for carriers, clerks and supervisors generated by ALB104. These reports are now based on the final costs from ALB104, instead of the final costs from ALB103. Other downstream programs, such as CARMM, process the output from ALB106 as usual.

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9. Please refer to Docket No. ACR2016, Library Reference USPS-FY16-37, folder "SASPrograms," program "ALB101," which assigns IOCS statistical weights and cost weights. *Id.* Its programming code contains calculation steps to adjust the statistical weights for a four-fifths reduction in the sample of city carriers for period 3.<sup>5</sup>
- a. Please identify all possible ranges of hours for period 3.<sup>6</sup>
  - b. Please explain why the city carrier sample for period 3 was reduced by four-fifths.
  - c. Please discuss whether the city carriers sample reduction will continue into FY 2017, and if so why.
  - d. Please discuss the impact of the sample reduction on the IOCS city carrier estimates. Please include a discussion of how the impact relates to the issues described in the Petition (e.g., loaning carriers to other offices, new city carriers).

**RESPONSE:**

- a. The hours for period 3 could, in theory, fall at any time between 00:00-23:59.

However, roughly 98 percent of all period 3 readings took place between 10:00 and 15:00. There are carriers that work some odd hours throughout the day and night. In FY16, the earliest period 3 reading took place at approximately 02:00, and the latest took place at approximately 21:00.

- b. The city carrier sample for period 3 was reduced by four-fifths because the overwhelming majority of these readings allocate cost to street time. Over 97 percent of the cost in reading period 3 was allocated to street time. Furthermore,

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<sup>5</sup> See the program "ALB101" code at 8 and the explanatory note: "\*Since the sample for carriers for period 3 was reduced by 4/5 then the weight needed to be increased by the inverse of the remaining 1/5 or 5/1." *Id.*

<sup>6</sup> The variable "f17" reading interval with a value of 3 is defined as the "3<sup>rd</sup> 2 hour interval" in Excel file "IOCSDataDictionaryFY16.xlsx," at 1. See Docket No. ACR2016, Library Reference USPS-FY16-37.



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less than 0.5 percent of the costs during reading period 3 were distributed by tallies mapped directly to mail products.

- c. The current city carrier sample reduction by four-fifths will continue into FY 2018.

The majority of carrier time during reading period 3 is spent on the street or on lunch. Since lunch readings do not involve allocation of cost, 97 percent of the costs from reading period 3 end up being allocated to street. There is no discernible need for a large number of samples in reading period 3.

- d. There will be no impact on issues described in the Petition from the sample reduction in IOCS. There is no impact on new carriers or carriers loaned to other offices. The only impact might be a slight increase in the CVs, due to the smaller sample size. However, the impact on the CVs is expected to be quite small since, as explained above, a majority of the cost in period 3 is allocated to street.

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- 10.** Please identify any other IOCS-related SAS programs that will be modified as a result of Proposal Fives and describe the changes to the affected programs.

**RESPONSE:**

The final cost variable that downstream programs need will become TALCOST and will be generated by ALB104, rather than the previous F9250 generated by ALB101 and ALB103. All downstream programs that formerly read F9250 will be modified to read the new TALCOST. No other changes are needed.

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11. Please refer to Library Reference USPS-RM2017-9/1, folder "SASPrograms," program "TACSUMQX."
- a. The program contains a note stating that its purpose is to summarize TACS data for the revised IOCS Cluster V2 system. Library Reference USPS-RM2017-9/1, at 1. Please describe how the IOCS Cluster V2 system differs from the IOCS non-Cluster system. In the response, please indicate whether the number of offices, counted by Cost Ascertainment Groups (CAGs), differ between the two systems.
  - b. The program creates a variable called "TimeSplT" to divide workhours into morning and afternoon categories. *Id.* at 4. Please discuss the reasons for the workhours split and how it is used in the IOCS Cluster V2 system to create the city carrier cost estimates.
  - c. Please specify the range of hours identified as morning and as afternoon in the "TimeSplT" variable.
  - d. The program also maps the TACS roster designation and activity code to the IOCS Craft groups for Supervisors, Clerks, Mailhandlers, and rural carriers acting as City Carriers. Please identify whether (and how) Proposal Five would impact each of these IOCS craft groups.
  - e. Please describe the reason(s) for the following code, found on page 4 of the "TACSUMQX" program:  

```
*Restrict to relevant subset of TACS records;  
if/(*(substr(LDCGrp,1,3) in ('Del','MP1','MP4','Trn')  
or craftGrp in (1,2,3,4,5,6))  
and*/ (&bgnDate <= modsDate <= &finDate) );
```

**RESPONSE:**

Prior to addressing each portion of the question, it bears mention that the note in the program code referenced in part a. of the question is not germane to the instant Proposal Five, but instead pertains to a potential future proposal still in the developmental stage. Proposal Five is entirely independent of any such future proposal, and therefore the note should not have appeared in the program submitted in this proceeding, and was only inadvertently included. Nonetheless, it is currently

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contemplated that, if any such future proposal were advanced, the program TACSSUMQX would be the basis for the TACS costs in that proposal as well as in Proposal Five. With that background, the following subparts provide the requested information regarding the potential future filing (referred to IOCS Cluster V2), but note once again that Proposal Five is not dependent on submission or approval of that proposal.

- a. The most significant way in which the IOCS Cluster V2 sampling system is anticipated to differ from the IOCS non-Cluster system is in the way it would handle the ~200,000 carrier readings, while (as far as is contemplated at this point) leaving the clerk, mailhandler or supervisor readings unaffected. The sampling unit for the IOCS non-Cluster system is the individual employee, but the sampling unit for the IOCS Cluster V2 system would be a specific delivery ZIP Code and finance number. Then six (6) randomly subsampled carriers that are working at the site on the day of the test would be sampled continuously throughout the morning and scaled to represent that site and delivery ZIP. The afternoon portion of the IOCS Cluster V2 system would be more similar to the IOCS non-Cluster system. In the afternoon, carriers would be randomly selected and contacted continuously for one hour. Furthermore, whereas the weighting for IOCS non-Cluster currently does not rely on TACS at all, control totals for costs in the morning and afternoon would be needed for IOCS Cluster V2 because of the difference in the sampling methodology between morning and afternoon tests.

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A comparison between the numbers of offices by CAG is less straightforward.

Since test offices in the IOCS Cluster V2 system would be based on delivery ZIP and finance number, there would be far fewer IOCS Cluster V2 tests than there are IOCS non-Cluster tests. However, the IOCS non-Cluster uses a panel as the frame to represent the entire country, while the IOCS Cluster V2 frame would be every delivery ZIP and finance number combination. Therefore, every office in every CAG would be a possible selection for the IOCS Cluster V2 system. The following table is a breakout of the number of tests by CAG for FY18 Quarter 1.

As the CAG gets smaller from CAG A to H, the number of carrier hours decreases substantially, which is why there would be fewer tests. The treatment of CAGS H-L, with respect to grouping them together for sampling and weighting purposes, would remain the same in both systems.

CAG	Number of Tests
A	297
B	145
C	280
D	133
E	159
F	99
G	94
H	31
J	9
K	3
<b>Grand Total</b>	<b>1250</b>

- b. The “TimeSplt” variable serves to separate the “morning” workhours from the “afternoon” workhours. In the morning, carriers are typically performing office

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activities such as casing, preparing to leave for their routes, and general mail handling activities. For all of these activities performed in the office, IOCS would try to allocate costs to a mailpiece. The primary activity in the afternoon is "street" work, in which IOCS does not allocate costs to specific mailpieces. The split would be necessary for the IOCS Cluster V2 system because there are two types of tests. For the "morning" tests, IOCS data collectors would be on site to sample employees and gather detailed information about mailpieces, including barcodes. The "afternoon" tests would use telephone readings, because they mostly occur during street time and there is therefore no need to collect barcode or mailpiece information. The time splits would be used to create control totals for the costs in the morning and the afternoon, so that the tests could be scaled proportionally.

- c. The range of "morning" hours identified by the "TimeSplt" variable is 00:00 to 11:00. The range of "afternoon" hours identified by the "TimeSplt" variable is 11:00 to 24:00.
- d. Proposal Five would have no impact on these identified IOCS Craft groups. The only possible exception is "Rural Carriers acting as City Carriers." If these carriers were being paid as a City Carrier and successfully changed their roster designation to that of a City Carrier, then Proposal Five would scale them like other City Carriers. For Rural Carriers being paid as Rural Carriers, IOCS would not allocate any cost. The costs allocated to the other IOCS Craft groups

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identified would be assigned by ALB101 and ALB103 as they have been in the past. ALB104, the new program for Proposal Five, would only pass the costs assigned by the previous programs. Proposal Five only impacts the Full-time City Carrier and Part-time City Carrier Craft Groups. The reason the program maps these other IOCS Craft groups is for analysis purposes only.

- e. The quoted language from page 4 is essentially a comment from an earlier version that has no bearing on Proposal Five. For purposes of this proceeding, it can be removed.

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12. Please refer to Library Reference USPS-RM2017-9/1, folder "SASPrograms," program "ALB104." The program states that its purpose is "to create control totals for Regular Letter Carriers and Special Purpose Route Carriers by CAG and adjust the existing IOCS Tallies to these control totals."<sup>7</sup>
- a. The program utilizes the same four quarterly adjustment factors to revise the IOCS tallies' associated costs, across all CAGS, with a variable called the "CostControlMultiplier."<sup>8</sup> *Id.* at 3. Please specify the reason(s) why adjustment factors specific to the CAG group of the IOCS tallies are not used.
  - b. Does the Postal Service plan on using the same developed adjustment factors and methodology in future Annual Compliance Report (ACR) filings? If not, please specify what changes are anticipated, and explain how or whether the adjustment factors used to create the Proposal Five impact estimates approximate the impact of all planned changes associated with Proposal Five.

**RESPONSE:**

- a. There are several reasons why adjustment factors specific to the CAG Groups were not used. The most significant reason is the occurrence of empty cells. The filed adjustment factor is calculated by Quarter, IOCS Craft group, and Route group. If the CAG group were incorporated, some cells would have no allocated costs, resulting in inaccurate scaling and the loss of accrued costs.

Workbook ChIR.2.Q.12.CAGs.Attach.xls, electronically attached to this response,

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<sup>7</sup> See Library Reference USPS-RM2017-9/1, PDF file "RM2017.9\_1.Preface.pdf," Appendix A: Program Documentation.

<sup>8</sup> The "CostControlMultiplier" is comprised of the ratio of quarterly TACS developed costs ("TACSCostControlNum") to the quarterly developed IOCS costs associated with the tallies ("IOCSCostControlNum") across all CAGs full-time carriers letter route group total costs, part-time carriers letter route group total costs, full-time carriers special purpose route group total costs, and part-time carriers special purpose route group total costs.



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has a summary of the accrued costs by Quarter, IOCS Craft group, CAG group and Route group. The highlighted rows are the subgroups with no IOCS readings and therefore no assigned costs. Both full-time and part-time City Carriers working SPR in CAG groups G and H are the primary cause of empty cells. In the case of carriers working "REG" routes, the multipliers are fairly consistent, and so there would be no real benefit from using individual multipliers by CAG. Furthermore, for carriers working "SPR", while the individual multipliers by CAG can vary, most of the readings are "on the street," so the impact is not as significant, and the issue of empty cells still remains.

- b. Yes, the Postal Service plans to use the same developed adjustment factors and methodology in future Annual Compliance Report (ACR) filings.

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- 13.** Please refer to Library Reference USPS-RM2017-9/1, folder "SASPrograms," program "PCCARMM16ByRouteType\_TACSAdjPub.". The program section labeled "\*\*\*\*\*SELECT CASING DEFINITION\*\*\*\*\*" includes code intended for use in the "Delivery Cost Model inputs." *Id.* at 2-3. Please identify any other SAS programs, workbooks, or output typically included in the Postal Service's ACR filings with its Delivery Cost Model library reference that will change as a result of Proposal Five, and describe the changes of any that will be affected.

**RESPONSE:**

There are no differences in either the programs or workbooks. The previous final cost variables are just updated with the new final cost variable from Proposal Five. There are minimal differences in the output due to the adjustment of tallies. The small changes for letter-shaped products in the identified portion of the "Delivery Cost Model inputs" can be seen in the impact workbook that was originally filed as an electronic attachment to Proposal Five.

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- 14.** Will the number of offices in the IOCS sample panel be reduced as a result of Proposal Five, and if so, by how much?

**RESPONSE:**

There are no plans to reduce the number of offices in the IOCS sample panel as a result of Proposal Five.

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15. Please refer to the Response to CHIR No. 1, question 23. There, the Postal Service analyzed the presented hypothetical scenario and stated that two hours, in which the carrier performed delivery activities outside of their regularly assigned carrier route, should be classified as letter route street time (LDC 22). The Postal Service stated its response was assuming that the two hours were spent on a single other letter route. In the response, assume that the rest of the scenario is as posited in the original question.
- a. How would the adjusted LDC for the final two hours be recorded if those two hours were spent on two or more letter routes other than the carrier's regular route?
  - b. Define "overflow parcels" as parcel volume that a letter route carrier was unable to deliver on their first run through their regular route. How would the adjusted LDC for the final two hours be recorded if those two hours were spent delivering overflow parcels on a single letter route other than the carrier's regular route?
  - c. How would the adjusted LDC for the final two hours be recorded if those two hours were spent delivering overflow parcels on two or more letter routes other than the carrier's regular route?

**RESPONSE:**

- a. Auxiliary assistance workhours afforded to city letter routes to deliver packages are assigned to the LDC where workhours associated with delivering packages are normally assigned. Accordingly, on *motorized* city letter routes, auxiliary assistance workhours are assigned to LDC 22 in instances in which the route which causes the additional hours may be reasonably identified. If such identification is not possible, the hours would be assigned to LDC 23. On foot or "walk-out" routes, workhours associated with parcel delivery are assigned to LDC 23. These principles hold whether the auxiliary assistance is performed by the carrier on his or her regular route, one other letter route, or multiple letter routes.

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- b. If the carrier was assisting with other motorized letter routes in instances in which the route and time resulting from the additional work may be identified, then the hours would be assigned to LDC 22. Otherwise, they would be assigned to LDC 23. Although foot or "walk out" city letter routes are rare, it is important to make the distinction that the assistance is being provided to a motorized route.
- Generally, parcels delivered on foot or "walk out" routes are assigned to LDC 23.
- c. Under the assumption the carrier was delivering parcels to addresses serviced by a motorized letter route, the last two hours would be assigned to LDC 22 where the route and time required can be readily identified. If, however, the carrier was supporting a foot or "walk-out" route, the remaining two hours would be assigned to LDC 23.